# **Kentucky Agricultural Development Board**

# Minutes of the January 16, 2009 Board Meeting

The Kentucky Agricultural Development Board meeting was held on Friday, **January 16**, **2009** at **10:15 EST**, at the Lexington Center, Thoroughbred Room 1, Lexington, KY. Mac Stone, presiding, called the meeting to order, and the Secretary called the roll.

### Roll Call

Mac Stone, (designee for Commissioner Richie Farmer); Vickie Yates Brown; Rodney Dick; Don Goodin, (designee for Secretary Larry Hayes); Pat Henderson; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Jim Sidebottom; Troy Rankin; Dr. Kimberly Holmes, (designee for Dr. Mary Sias); Dean Scott Smith

### Others Present

**Staff -** Roger Thomas, Angela Blank, Jennifer Daniels, Diane Fleming, Cyndi Hall, Todd Harp, Jennifer Hudnall, Michael Judge, Christi Marksbury, Joel Neaveill, Kylee Smith, Rebecca Smith

Guests – Dr. Dewayne Ingram University of Kentucky Horticulture; Jean Marie Lawson, Hartland Equipment, Inc.; Larry Snell, Rich Laing and Brent Lackey, Kentucky Center for Agriculture and Rural Development (KCARD); Eunice Schlappi, and Warren Beeler, Kentucky Department of Agriculture (KDA); Lowell Atchely, Legislative Research Commission (LRC); H.H. Barlow, Maury Cox, Dan Riddell, Sam Finney, Willy Campbell, Denise Jones and Dave Roberts, with Kentucky Dairy Development Council (KDDC); Kaycie Len Carter, Community Farm Alliance (CFA); Dr. Jack McAllister Dr. S. Ray Smith and Tom Keene, University of Kentucky (UK); Dave Maples, Dr. Jack Kimbrough and Kelly Tucker, Kentucky Cattlemen's Foundation (KCF); Millard Long, Dave Smith and Jane Browe, Katelyn's Honey, Inc. (KHI); Mike Owen, Owen Trucking; Jimmy Woodall, Dairy Farmer; Bill Crist, Dairy Farmer

## **Notification of Media**

Mr. Mac Stone received verification that the media had received notice regarding the Kentucky Agricultural Development Board (KADB) monthly meeting.

## <u>Welcome</u>

Mr. Stone welcomed everyone to the KADB meeting.

## **Approval of Minutes**

Jim Sidebottom moved to approve the minutes of the December 19, 2008 meeting as presented; Dr. Kimberly Holmes seconded the motion. The motion passed without dissent.

## **Executive Director's Report**

Mr. Stone called on Roger Thomas to give the Executive Director's Report and reviewed the agenda for the day.

Mr. Thomas called on Michael Judge and Joel Neaveill to report on the progress regarding feedback gathering for the proposed Kentucky Agriculture Investment Program.

Mr. Thomas appointed a recipient review committee, for (A2008-0409) Kentucky Department of Agriculture (KDA): Sam Moore, Pat Henderson, and Wayne Mattingly.

Mr. Thomas reported on the Kentucky Agriculture Relief Effort (K.A.R.E.) Program. To date, \$11,360,137 has been disbursed.

Mr. Thomas called on Diane Fleming to give a legal update. Ms. Fleming noted the Legal Agreement, Promissory Note, and Security Agreement for (A2008-0280) Foothills Products and Services, Inc. has been delivered to the applicant and thanked Vickie Yates Brown for her work on this project. Ms. Fleming reported that Diana Ratliff from Leadership Kentucky has shared their parameters for measuring the success of their program. The parameters will be incorporated into the Legal Agreement with the University of Kentucky for the Kentucky Agricultural Lerdership Program (A2008-0407) and mailed out next week. Staff continues to work with KDA to complete the terms of the Legal Agreement (2008-0409) in conjunction with the Board's approval at the November Board meeting. The Legal Agreement with Kentucky Agricultural Finance Corporation (A2008-0440) for five million dollars is complete and will be executed when the Board approves the Memorandum of Agreement. Ms. Fleming received a response to the demand letter sent to Cumberland Farm Products last month. She asked the Board to consider granting (A2006-0123) Cumberland Farm Products six months to sell the property or develop and implement a new project plan. Sam Lawson moved to grant Cumberland Farm Products six (6) months to sell the property: If they fail to sell the property the Board will proceed with default options. Dean Smith seconded the motion. The motion passed without dissent.

### **Old Business**

Mr. Stone called on the Board to act on the Memorandum of Agreement between KADB and KAFC. Sam Moore moved to accept the Memorandum of Agreement; Jim Mahan seconded the motion. The motion passed without dissent.

### **New Business**

Referral of February Projects<sup>1</sup>

Mr. Stone presented projects A2008-0489 to A2009-0023 for referral to the Board's February 20, 2009 meeting for review. Rodney Dick moved that projects A2008-0489 to A2009-0023 be referred for February 20, 2009 review; Mr. Mahan seconded the motion. The motion passed without dissent.

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<sup>&</sup>lt;sup>1</sup> A detailed list of the referred projects is attached as Appendix A.

# **Approval of Model Programs<sup>2</sup>**

Mr. Stone submitted projects requesting funds for county model programs meeting state program guidelines and compliance standards. Mr. Mahan moved the said applications be approved for the named model programs; Troy Rankin seconded the motion. The motion passed without dissent.

## Approval of Menu Projects<sup>3</sup>

Mr. Stone submitted a project requesting funds for a county menu project meeting state program guidelines and compliance standards. **Dean Scott Smith moved the said application be approved for the named model programs; Mr. Dick seconded the motion.** The motion passed without dissent.

# Requested Amendments<sup>4</sup> and Withdrawals<sup>5</sup>

Mr. Stone presented three (3) requested amendments for approval. **Don Goodin moved** that said amendments be approved; **Dr. Holmes seconded the motion. The** motion passed without dissent.

Chairmen Stone presented one (1) requested withdrawal. No action necessary.

#### Memo Action Items

Michael Judge presented a Memorandum on A2008-0283 <u>Breckinridge County Board of Education</u>. The Breckinridge County Board of Education was approved for \$5,225 in Meade County funds at the July 18, 2008 Kentucky Agricultural Development Board meeting. These funds were used for a MIG welding program for tobacco dependent farmers in Meade County. Due to rising costs of equipment, the Breckinridge County Board of Education is requesting to increase the producer's portion of the project from \$350 to \$360. Staff recommends approving this amendment to the legal agreement for the Breckinridge County Board of Education project. Mr. Dick moved to approve that the producer portion of this project be increased from \$350 to \$360; Mr. Rankin seconded the motion. The motion passed without dissent.

Jennifer Hudnall presented a Memorandum on A2008-0494, Slone's Riverbend Farm. Slone's Riverbend Farm requests \$2,000 in Boyle County funds for the Pilot Farm Management Program (The Beef Connection). Staff recommends denying this request due to a low priority from the Boyle County Agricultural Development Council. Wayne Mattingly moved that A2008-0494 be denied for the requested \$2,000.; Mr. Sidebottom seconded the motion. The motion passed without dissent.

Mike Tobin presented a Memorandum on A2006-0430, <u>Kentucky Goat Producers</u>
<u>Association, Inc.</u> Kentucky Goat Producers Association, Inc. requests an

<sup>&</sup>lt;sup>2</sup> A detailed list of projects funded under each model program category is attached as Appendix B.

<sup>&</sup>lt;sup>3</sup> A detailed list of projects funded under each menu project category is attached as Appendix C.

<sup>&</sup>lt;sup>4</sup> A detailed list of requested amendments approved is attached as Appendix D.

<sup>&</sup>lt;sup>5</sup> A detailed list of requested withdrawals approved is attached as Appendix E.

extension of the ending date of this agreement from March 31, 2009 to December 31, 2009 in order to include the 2009 grazing season data in their research project. Staff recommends approving this request. **Mr. Dick moved to approve this amendment; Mr. Goodin seconded the motion. The motion passed without dissent.** 

Mike Tobin presented a Memorandum on A2008-0173, Metcalfe County Conservation

<u>District</u>. Metcalfe County Conservation District requests an additional \$20,000 for the Forage Improvement and Utilization Model Program. Staff recommends denying this request because no funds were committed by the Metcalfe County Agricultural Development Council. Sam Lawson moved A2008-0173 be denied for this request; Mr. Rankin seconded the motion. The motion passed without dissent.

## Recommendations for Funding

Todd Harp presented A2008-0423, <u>Gateway Regional Agri-tourism Association</u>. Gateway Regional Agri-tourism Association requests \$50,000 in State funds as part of the 2008 Agri-tourism Awards Program. Mr. Harp reviewed the proposed terms and conditions for the project. Staff recommends approving this project pending meeting all state program guidelines and compliance standards. **Mr. Lawson moved that A2008-0423 be approved for \$50,000 in State funds; Mr. Mahan seconded the motion. The motion passed without dissent.** 

Todd Harp presented A2008-0434, Kentucky Dairy Development Council, Inc. Kentucky Dairy Development Council, Inc. (KDDC) requests \$983,400 in State funds to further their efforts and to continue their support for Kentucky's Dairy industry. Mr. Harp noted the attached budget. Mr. Harp reviewed proposed terms and conditions for the project. Mr. Harp noted that this is the first application we are recommending for a one year round of funding in response to Audit recommendation. Staff recommends approving this project and funding in the amount of \$494,000 in State funds to operate KDDC for one year, pending meeting all state program guidelines and compliance standards. Within the funding recommendation staff recommends funding \$10,000 to assist with administration responsibilities associated with the Kentucky Milk Commission should it be implemented upon the action of the 2009 General Assembly. These funds are contingent upon passage by the Kentucky legislature during the 2009 session and upon KDDC raising an additional \$10,000 to match these funds. Mr. Lawson moved that A2008-0434 be approved for \$494,000 in State funds for one year of funding which include \$10,000 for the Milk Commission per the staff recommendation; Mr. Mahan seconded the motion. Mr. Moore amended the motion for 5% variance on budgeted items in any category; Mr. Mahan seconded the amendment. The amendment passed without dissent. The motion as amended passed without dissent. Mr. Sidebottom abstained from votina.

Jennifer Hudnall presented A2008-0476, <u>Washington County Conservation District.</u>
Washington County Conservation District requests \$14,580 in Washington County

funds to purchase a shared-use straw blower for producers in Washington County. The request amount is 75% of the total cost of the equipment with the remaining 25% of the cost of the equipment coming from the Washington County Conservation District. Ms. Hudnall reviewed the proposed terms and conditions for the project. Staff recommends approving this project for \$9,720 (50% of Project cost) pending meeting all state program guidelines and compliance standards. Mr. Goodin moved that A2008-0476 be approved for \$9,720 in Washington County funds; Mr. Dick seconded the motion. The motion passed without dissent.

Christi Marksbury presented A2008-0478, Meade County Extension District Board.

Meade County Extension District Board requests \$17,003 in Meade County funds and \$36,095 in State funds as part of the Farmers' Market Program for a total of \$53,098 to construct a permanent shelter for the Meade County Farmers' Market.

Ms. Marksbury reviewed the proposed terms and conditions for the project. Staff recommends approving this project pending meeting all state program guidelines and compliance standards. Mr. Henderson moved that A2008-0478 be approved for \$17,003 in Meade County funds and \$36,095 in State funds; Mr. Rankin seconded the motion. The motion passed without dissent.

Christi Marksbury presented A2008-0481, <u>Todd County Fiscal Court</u>. Todd County Fiscal Court requests \$6,534 in Todd County funds to cost-share on the dead animal removal program with Griffin Industries. Ms. Marksbury reviewed the proposed terms and conditions for the project. Staff recommends approving this project pending meeting all state program guidelines and compliance standards. **Mr.**Moore moved that A2008-0481 be approved for \$6,534 in Todd County funds;
Mr. Mahan seconded the motion. Dean Smith stated that the KADB should create a standardized dead animal removal policy. There will be other counties that will be proposing state funds for dead animal removal. Mr. Beeler commented on the need for funding. Mr. Mattingly suggested that county match must be in cash, as there should be some cost to the farmer. Mr. Henderson noted there is also trend to pick up pets. Mr. Henderson moved to table this project for a month and create a task force to provide/create a state wide comprehensive plan concerning dead animal removal; Mr. Lawson seconded the motion. The motion passed with dissent, one opposed.

Todd Harp presented A2008-0485, <u>Bath County Cattlemen's Association, Inc.</u> Bath County Cattlemen's Association, Inc. requests \$14,080 in Bath County funds to administer an educational welding program for tobacco dependent farmers. Mr. Harp reviewed the proposed terms and conditions for the project. Staff recommends approving this project pending meeting all state program guidelines and compliance standards. **Mr. Dick moved that A2008-0485 be approved for \$14,080 in Bath County funds; Mr. Rankin seconded the motion. The motion passed without dissent.** 

### **Recommendations for No Funding**

Christi Marksbury presented A2008-0483, <u>Start Your Dreams</u>, <u>Inc.</u> Start Your Dreams, <u>Inc.</u> requests \$475,000 in State funds to produce and sell biodiesel at reduced market rates to Kentucky residents. Staff recommends not to fund this request due

to no producer impact and the project does not meet the criteria for the Kentucky Agricultural Development Board's energy policy. Mr. Rankin moved that A2008-0483 be denied for \$475,000 in State funds; Mr. Dick seconded the motion. The motion passed without dissent.

Jennifer Hudnall presented A2008-0486, <a href="Equus Run Vineyards">Equus Run Vineyards</a>, <a href="LLC">LLC</a>. Equus Run Vineyards</a>, <a href="LLC">LLC</a>. Equus Run Vineyards</a>, <a href="LLC">LLC</a> requests \$57,967 in State Funds to expand its current facility in Woodford County</a>. Staff recommends not to fund this request from Equus Run Vineyards, <a href="LLC">LLC</a> for \$57,967 of State Funds due to a lack of county funds allocated to this project. This is the third request from this applicant. Staff has recommended that Equus Run Vineyards, <a href="LLC">LLC</a> seek financing from KAFC. <a href="Mr. Dick moved that A2008-0486">Mr. Dick moved that A2008-0486</a>, <a href="Equus Run Vineyards">Equus Run Vineyards</a>, <a href="LLC">LLC</a> be denied for \$57,967 in state funds.; <a href="Mr. Mattingly seconded the motion">Mr. Mattingly seconded the motion</a>. The motion passed without dissent.

### **Recommendations for Pending Funding**

- The following applications were discussed, but no action was taken: Russell County Farmers Market Association, Inc. (A2008-0418); South Kentucky Rural Electric Cooperative Corporation (A2008-0469); Carolines Garden (A2008-0473); Murray State University (A2008-0479); Western Kentucky University (WKU) Research Foundation (A2008-0480); Cowtown Foundation (A2008-0482); Central KY Custom Meats, Inc. (A2008-0484); and Media Working Group, Inc. (A2008-0488).
- Mr. Thomas appointed a recipient committee for (A2008-0469) for South Kentucky Rural Electric Cooperative Corporation; Sam Moore, Rodney Dick, and Don Goodin
- Mr. Thomas appointed a recipient committee for (A2008-0479) Murray State University and (A2008-0480) WKU Research Foundation; Jim Mahan, Pat Henderson, Rodney Dick, and Sam Moore

The meeting adjourned for lunch at 11:45 a.m. EST.

The meeting reconvened at 1:10 p.m. EST. Wayne Hunt joined the meeting. **Recommendations for Deferred Funding** 

- Mac Stone introduced Ray Smith with The University of Kentucky who reported on (A2007-0056) Expanding Opportunities for Biomass and Hay Production in Northeastern Kentucky. Tom Keene presented a slide presentation and answered any of the Board's questions.
- Todd Harp presented <u>A2008-0461</u>, <u>Kentucky Cattlemen's Foundation</u>, <u>Inc.</u> Kentucky Cattlemen's Foundation, Inc. requests \$1,000,000 in State funds to create a large/food animal veterinary incentive program. Mr. Harp called on Dave Maples, Dr. Jack Kimbrough and Kelly Tucker with Kentucky Cattlemen's Foundation to answer any of the Board's questions.

KAFC Board Members joined the KADB the meeting.

Jennifer Hudnall presented <u>A2008-0444</u>, <u>Katelyn's Honey</u>, <u>Inc.</u> Katelyn's Honey, Inc. (KHI) requests \$4,315,510 in State funds to expand its vegetable processing

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facility. Ms. Hudnall called on Millard Long, Dave Smith and Jane Browe with Katelyn's Honey to answer any of the Board's questions.

## **Other Business**

Mr. Stone called on Bill McCloskey to give the KAFC financial report. **Dean Smith moved that KAFC financial report be approved; Mr. Lawson seconded the motion. The motion passed without dissent.** 

## **Closing Remarks**

The next meeting of the Kentucky Agricultural Development Board will convene on Friday, February 20, 2009. Location to be determined. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 3:30 p.m.

APPROVED:		
PRESIDING OFFICER:	 	
SECRETARY:		

# **APPENDIX A: New Applications for Referral**

App #	Applicant	Request Type
A2008-0489	Powell County Beekeeper's Association Inc.	Agricultural Diversification
A2008-0490	Red River Goat Association, Inc.	Goat & Sheep Diversification
A2008-0491	Clinton/Cumberland Cattlemen's Assoc., Inc.	Forage Improvement & Utilization
A2008-0492	Jackson County Cattlemen's Association Incorporated	Project
A2008-0493	Boyle County Farm Bureau	Swine Diversification
A2008-0494	Slone's Riverbend Farm	Pilot Farm Management
A2009-0001	Bullitt County Board of Education	Project
A2009-0002	Beef Improvement Council, Inc.	Forage Improvement & Utilization
A2009-0003	Montgomery County Conservation District	Project
A2009-0004	Foothills Goat Association, Inc.	Goat & Sheep Diversification
A2009-0005	Lewis County Conservation District	Agricultural Diversification
A2009-0006	Lewis County Conservation District	Cattle Genetics Improvement
A2009-0007	Lewis County Conservation District	Cattle Handling Facilities
A2009-0008	Lewis County Conservation District	Dairy Diversification
A2009-0009	Lewis County Conservation District	Farm Livestock Fencing Improvement
A2009-0010	Lewis County Conservation District	Hay, Straw, & Commodity Storage
A2009-0011	Green Market Cooperative, Inc.	Project
A2009-0012	Harrison County Beef Cattle Association, Inc.	Cattle Handling Facilities
A2009-0013	Harrison County Beef Cattle Association, Inc.	Farm Livestock Fencing Improvement
A2009-0014	Harrison County Beef Cattle Association, Inc.	Forage Improvement & Utilization
A2009-0015	Metcalfe County Fiscal Court	Project
A2009-0016	Harrison County Beef Cattle Association, Inc.	Goat & Sheep Diversification

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# **APPENDIX A: New Applications for Referral**

App #	Applicant	Request Type
A2009-0017	Harrison County Beef Cattle Association, Inc.	Agricultural Diversification
A2009-0018	Foothills Goat Association, Inc.	Goat & Sheep Diversification
A2009-0019	The Agriculture Communications Association, Inc.	Cattle Genetics Improvement
A2009-0020	Bath County Conservation District	Forage Improvement & Utilization
A2009-0021	Thoroughbred RC&D Council, Inc.	Project
A2009-0022	Kentucky Farmers' Market Association, Inc.	Project
A2009-0023	Marksbury Farm Foods, LLC	Project

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APPENDIX B: Model Programs Recommended for Approval

	iversification		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2008-0489	Powell County Beekeeper's Association Inc.	Powell	\$7,000.00
A2009-0005	Lewis County Conservation District	Lewis	\$20,000.00
A2009-0017	Harrison County Beef Cattle Association, Inc.	Harrison	\$10,000.00
			\$37,000.00
Cattle Genetic	s Improvement		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2009-0006	Lewis County Conservation District	Lewis	\$10,000.00
A2009-0019	The Agriculture Communications Association, Inc.	Bath	\$45,000.00
			\$55,000.00
Cattle Handlir	ng Facilities		
<u>Application</u>	Program Administrator	<u>County</u>	<b>Funds Requested</b>
A2009-0007	Lewis County Conservation District	Lewis	\$15,000.00
A2009-0012	Harrison County Beef Cattle Association, Inc.	Harrison	\$30,000.00
			\$45,000.00
Dairy Diversif	ication		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2009-0008	Lewis County Conservation District	Lewis	\$15,000.00
			\$15,000.00
Farm Livesto	ck Fencing Improvement		
<u>Application</u>	Program Administrator	<b>County</b>	Funds Requested
A2009-0009	Lewis County Conservation District	Lewis	\$15,000.00
A2009-0013	Harrison County Beef Cattle Association, Inc.	Harrison	\$25,000.00
			\$40,000.00
Forage Impro	vement & Utilization		
Application	Program Administrator	<u>County</u>	Funds Requested
A2008-0491	Clinton/Cumberland Cattlemen's Assoc., Inc.	Cumberland	\$57,000.00
A2009-0002	Beef Improvement Council, Inc.	Breckinridge	\$50,000.00
A2009-0014	Harrison County Beef Cattle Association, Inc.	Harrison	\$50,000.00
A2009-0020	Bath County Conservation District	Bath	\$131,250.00
			\$288,250.00

\$2,000.00

\$2,000.00

## APPENDIX B: Model Programs Recommended for Approval

Goat & Sheep	Diversification		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2009-0004	Foothills Goat Association, Inc.	Montgomery	\$3,000.00
A2009-0016	Harrison County Beef Cattle Association, Inc.	Harrison	\$5,000.00
A2009-0018	Foothills Goat Association, Inc.	Bath	\$5,000.00
			\$13,000.00
Hay, Straw, &	Commodity Storage		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2009-0010	Lewis County Conservation District	Lewis	\$15,000.00
			\$15,000.00
Swine Divers	ification		
Application	Program Administrator	County	Funds Requested

Boyle County Farm Bureau

Total County Funds Recommended for Approval in Model Programs: \$510,250.00

Boyle

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A2008-0493

# APPENDIX C: Requested Amendments-Projects & Programs

App # A2008-0116

Applicant Name Green River Area Beef Improvement Group, Inc.

Amount Approved Date

\$171,942 5/16/2008

Requested Change The applicant requests an additional \$21,742 for a menu approach of

the following programs: Agricultural Diversification; Cattle Genetics Improvement; Cattle Handling Facilities; Commercial Poultry

Production; Dairy Diversification; Farm Livestock Fencing Improvement; Forage Improvement & Utilization; Goat and Sheep Diversification; Hay, Straw & Commodity Storage; On-farm Water Enhancement; Swine Diversification; Technology and Timber Production & Utilization Programs. The request received a <a href="https://doi.org/10.108/j.com/https://doi.org/10.108/j.co

the program total to \$193,684.

Recommendation Approval

App # A2008-0178

Applicant Name Metcalfe County Cattlemen's Association, Inc.

Amount Approved
Date

\$20,000 5/16/2008

Requested Change

The applicant requests an <u>additional</u> \$7,000 for the *Cattle Handling Facilities* Program. The request received a <u>high</u> priority from the Robertson County Agricultural Development Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program

total to \$27,000.

Recommendation Approval

App # A2008-0402

Applicant Name Fayette County Beef Cattlemen's Association, Inc.

Amount Approved \$50,000

Date

August 15, 2008

Requested Change The applicant requests an <u>additional</u> \$27,000 for the *Hay, Straw, &* 

Commodity Storage Program. The request received a <u>high</u> priority from the Fayette County Agricultural Development Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program

total to \$77,000.

Recommendation Approval

# APPENDIX D: Requested Withdrawals-Projects & Programs

App# A2008-0475

Applicant Name Washington County Cattlemen Association, Inc.

Date of Application December 5, 2008